

Volunteer Income Tax Assistance Grant Program

Frequently Asked Questions

Matching Funds

1. *What can be used as matching funds?*

Most organizations use cash, computer hardware, software, office supplies, salaries, space, and volunteer services for matching funds. Organizations must show proof of matching funds with a signed commitment letter. Funds from other federal grants cannot be counted as matching funds, nor can costs or expenses associated with refund anticipation loans be used as matching funds.

The fair market rental value of office space is not to exceed 25% of the total in-kind value of the donated office space. FMRV is based on what the donor would normally charge for rent. The value of volunteer services is not to exceed 25% of the total in-kind value of the volunteer services. The current value of volunteer services is \$19.51 per hour. For more information on value of volunteer time, visit the Web site listed below.

http://www.independentsector.org/programs/research/volunteer_time.html

2. *If an applicant expects to receive other grants from non-federal sources, can the expected grant be considered as matching funds of the application?*

Yes, if a firm commitment is received by the grant submission date (September 2, 2008.) If a commitment for the grant is not made until after September 2, 2008, then it cannot be considered as matching funds.

3. *What information should be included in the application to show the projected value of volunteer services?*

The narrative should include the number of volunteers, number of volunteer hours, and the projected value (dollars) of the services expected.

4. *Is the 25% limit on the volunteer services of the total program or of only the volunteer services?*

It is limited to 25% of the volunteer services. For instance, if the value of all volunteer services projected is \$1,000, then they are limited to \$250 for the matching funds portion of the grant.

5. *Can the hours volunteers use to train be included in the value of the volunteer services and counted as matching funds?*

No. Time spent receiving training is not part of the volunteer services calculation. However, if volunteers provide training to others, their time can be included in the calculation of volunteer services.

6. *Is there a limit on the fair market rental value of space?*

Yes. The fair market rental value of office space is limited to 25% of the total in-kind value of the donated office space.

7. I operate frequently with in-kind contributions. What is required to document the in-kind contributions for matching fund purposes?

There are many different types of in-kind contributions; but in general, documentation should include at a minimum a commitment for the contribution, a description of the contribution and how the value of the contribution was determined. For instance, if a local office supply agrees to donate printer cartridges and paper, it might be as simple as a signed letter from them stating: "XXX Office Supply will donate 5 boxes of paper sold normally at \$25 per box (5,000 sheets each) and 4 HP LaserJet printer cartridges sold at \$55 each for a total contribution valued at \$345."

8. Is there a standard form to use for commitment letters?

No. The letter needs to identify in detail the person providing the service and the dollar value of the matching fund commitment.

9. In order to have a binding contract, would you recommend a Memorandum of Understanding (MOU) from partners regarding matching funds?

If members of the coalition are contributing the funds, a binding commitment letter is required. Partners may refer to these as a MOU.

10. If the only resource the partners bring to the table is staff salary but no equipment, will this still be considered as matching funds?

Yes. The salary, including fringe benefits, paid for individuals performing services for the VITA program may count as matching funds. However, the amount is limited to the portion of the salary attributable to time spent performing services that are an integral and necessary part of the program (Pub. 4671, page 54).

11. Are costs associated with completing grant reports, and normal accounting and bookkeeping records considered allowable costs?

The salary paid to individuals responsible for compiling grant reports, and maintaining accounting records may count as matching funds. However, the amount is limited to the portion of the salary attributable to time spent performing services that are an integral and necessary part of the program. The cost principles address the required recording of grant time in OMB Circulars A-21 (2CFR 220), A-87 (2CFR 225) and A-122 (2CFR 230).

12. I understand that federal funds cannot be counted as matching funds. Are there ever any exceptions to this?

Yes, there are exceptions. You are correct that federal funds generally cannot be counted as matching funds for other federal grants. However, the statute that authorizes a grant may allow for its use as matching funds for other federal grants. If unsure whether a federal grant you receive is authorized for use as a matching fund, please check with the federal grant awarding agency.

13. Can you provide an example of an exception where federal funds may be used as a matching grant?

Yes. The following two examples illustrate where a statute may authorize the use of a grant as matching funds. However, confirmation is still necessary from the federal grant awarding agency.

Example 1: An Indian Tribal Government is awarded funds under the Indian Self-Determination and Education Assistance Act (25 U.S.C. section 450(h) administered by the Department of the Interior. The statute states at 25 U.S.C. section 450h(c) that with regard to Indian tribal grant funding, it can be used for matching purposes "for any other federal grant programs which contribute to the purposes for which ... [Indian tribal grants] are made." The DOI should be contacted to confirm that its use as a matching fund for the VITA grant aligns with the purpose for which the Indian tribal grant is made.

Example 2: A local government is awarded a Community Development Block Grant (42 U.S.C. section 5301) administered by the Department of Housing and Urban Development. The statute states at 42 U.S.C. section 5305(a)(9) that funds may be used for the payment for the non-federal share required in connection with a federal grant-in-aid program undertaken as part of activities assisted under this chapter. The HUD should be contacted to confirm that its use as a matching fund for the VITA grant aligns with the purpose for which the CDBG is made.

NOTE: IRS contact with HUD confirmed the use of CDBG funds as a match for the VITA Grant with limitation. If the CDBG funds are used for the match, at a minimum 51% of the customers benefiting from the service (VITA) must meet the definition used by CDBG for "low-income." Consult the CDBG guidelines for the "low-income" determination. The FY 2008 income limits can be located on the HUD website at: <http://www.huduser.org/datasets/il/i108/index.html>. The definition of low-income does not mirror the definition used by VITA

14. Is there an exception to allow Community Services Block Grant (CSBG) funds awarded to Community Action Agencies be used as matching funds for the VITA Grant?

No. CSBG is funded by the Department of Health & Human Services through the Administration for Children and Families. CSBG funds received by state governments for Community Action Agencies are considered federal funds. Section 23(a)(5) of OMB Circular A-110 provides that no contributions paid by the federal government under another award can be used as matching funds unless authorized by federal statute. There are no exceptions in federal statutes for the CSBG program authorizing CSBG funds to be used as matching funds.

15. Does the Form 13977 VITA Grant Program Budget Plan have to match dollar for dollar for each line item expenditure?

No, each line item does not require in-kind matching funds. The overall in-kind matching funds for all expenditures have to total 100%.